Alberta weekly economic review

June 15, 2012

Manufacturing Shipments

Manufacturing sales edge lower, but remain ahead of last year

Alberta manufacturing sales dropped 1.9% in April to $6.3 billion, the fourth monthly decline in the last five months. The decline was largely due to lower sales in fabricated metal products, chemical products, and petroleum and coal products. However, even with the monthly decline, manufacturing sales are 7.9% higher than April 2011, and year to date are up 12.9% over the same period last year. Nationally, manufacturing sales slid 0.8% to $49.1 billion, but were still up 5.8% over April 2011.

Housing Market

Alberta new house prices post modest year-over year gain

Alberta's new house price index rose 1.2% in April compared to the same month last year, the largest increase in 19 months. However, price gains continue to remain modest when compared to most other provinces. Nationally, new housing prices rose 2.5% over April 2011, marking the 49th straight month that Alberta price growth has been outpaced by the national average on a year-over-year basis.

Sales of existing homes dip, while prices jump

Sales of existing homes contracted for the first time in four months, falling 1.8% to 5,172 in May. However, sales were still up a solid 19.4% compared to the same month last year. Reflecting weaker sales and more listings, the sales-to-new listings ratio edged down from 59.2% in April to 57.7% in May, keeping market conditions balanced. The average resale home price rose to $366,161, 4.1% above May 2011 prices and the highest level in more than four years.

Alberta's rental market heats up

Strong job growth and increased migration is contributing to a tighter rental market. The apartment vacancy rate in Alberta dropped to 3.0% in April, down from 4.7% the same month last year. In Calgary, the vacancy rate dropped to 2.5% and monthly rent averaged $1,004 in April. In Edmonton, the vacancy rate fell to 2.7%, a 5 year low, while monthly rent averaged $937.

New Motor Vehicle Sales

Growth in auto sales moderates after strong start to 2012

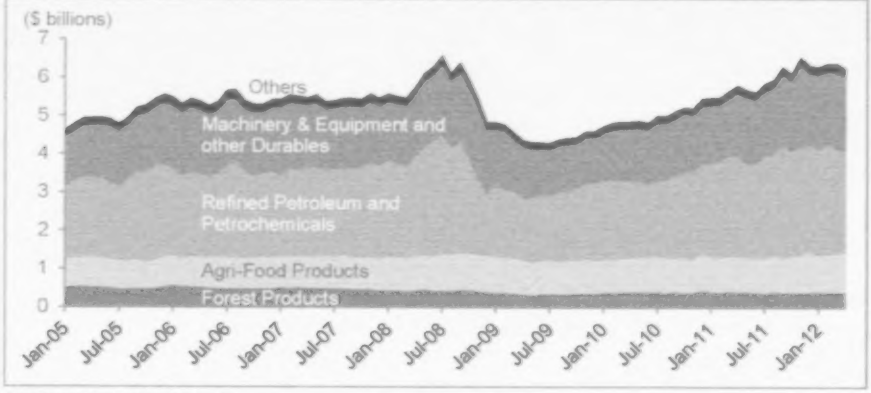
After surging in the first three months of 2012, year-over-year growth in Alberta's new vehicle sales moderated to 1.1% in April. Year to date, vehicle sales are 13% above the same period last year. Albertans bought 20,591 new vehicles in April at an average of $37,706 per vehicle. At the national level, vehicle sales dropped 0.8% year-over-year, while the average cost was $32,668.

Industry Capacity Utilization

Oil and gas industry operating closer to capacity

Canada's rate of capacity utilization increased 0.2 percentage points to 80.7% in the first quarter, signaling less slack in the national economy. The oil and gas industry, which is concentrated in Alberta, continues to operate near capacity; its utilization rate increased 0.7 percentage points to 90.2%, the highest level in almost a decade. Capacity utilization measures current output as a percentage of potential output, or what an industry is capable of producing given their existing capital stock.

Alberta Manufacturing Sales by Industry



Source: Statistics Canada

Closing Prices	June 7, 2012	June 14, 2012	2012–13 Fiscal YTD
Canadian Dollar ($US/$CAN)	97.62	97.59	99.24
WTI Oil ($US/bbl)	$84.82	$83.91	$95.94
NYMEX Natural Gas ($US/MMBtu)	$2.27	$2.50	$2.29

Alberta Economic Indicators[1]

Population	2010	2011	2012YTD	Dec	Jan	Feb	Mar	Apr	May
Population[2] ('000s)	3,781	3,879	3,818		3,818				
% change	1.3	1.6	2.0		2.0				
Net Interprovincial Migration[2] (level)	2,183	13,660	9,146		6,010				
Net International Migration[2] (level)	21,503	14,093	13,677		6,297				
Net Non-permanent Residents[2] (level)	77	7,988	2,400		105				
Labour Market									
Employment ('000s)	2,018	2,096	2,158	2,128	2,126	2,138	2,152	2,142	2,150
% change	0.4	3.8	3.6	0.9	3.9	2.8	3.1	3.9	4.1
Unemployment Rate (%)	6.5	5.5	4.9	4.9	4.9	5.0	5.3	4.9	4.8
Participation Rate (%)	73.8	73.7	73.9	74.0	74.1	73.7	74.0	73.9	73.7
Average Weekly Earnings ($)	993.28	1,038.69	1,065.91	1,049.78	1,064.06	1,054.80	1,066.87		
% change	4.6	4.6	2.6	4.4	2.5	2.4	3.1		
Price Indices									
Consumer Price Index	1.0	2.4	1.8	2.9	2.9	1.9	1.7	0.8	
Excluding food and energy	0.8	0.8	1.5	1.2	1.4	1.0	1.5	2.1	
Farm Fee, Building Cost, Price Index[3]	0.1	3.4	4.5	4.9			4.5		
Farm Product Price Index	1.5	17.2	4.1	10.0	7.3	3.2	2.0		
Crops	-9.7	18.5	3.0	1.6	-0.6	3.9	4.4		
Livestock	5.7	17.2	10.9	17.6	15.1	3.8	2.2		
Household Sector									
Housing Starts (SAAR, '000s)	26.9	25.5	42.3	28.5	25.9	31.3	35.2	37.0	38.4
% change	34.8	-5.2	46.9	38.1	54.2	41.3	68.4	67.4	25.1
NEW: New Housing Price Index[4]	0.5	0.4	0.7	0.5	0.7	0.2	0.8	1.2	
Edmonton	0.8	0.9	0.9	1.2	1.3	0.1	0.2	1.2	
Calgary	1.7	0.1	0.5	0.1	0.1	0.4	0.8	0.9	
NEW: MLS Average Resale Prices ($ '000s)	350.9	352.7	358.4	351.0	343.0	360.5	359.6	362.5	366.2
% change	3.1	0.5	1.9	0.7	2.7	1.2	2.5	1.8	4.1
Edmonton ($ '000s)	326.5	324.2	332.4	329.0	325.2	334.5	335.3	337.1	334.0
% change	2.3	-0.7	3.1	1.3	0.7	4.8	2.9	3.5	4.1
Calgary ($ '000s)	397.4	401.9	401.8	402.4	378.5	410.5	407.6	408.0	414.1
% change	3.4	1.1	0.1	1.7	-6.2	8.5	2.4	1.3	2.0
Retail Sales	6.0	6.0	9.7	7.9	11.0	9.1	9.0	–	–
NEW: New Motor Vehicle Sales	9.5	9.6	13.0	10.4	23.6	20.5	12.9	11.1	–
Consumer Bankruptcies (level)	8,150	7,029	1,618	483	517	583	518	–	–
% change	-16.4	-13.8	14.8	6.9	19.6	16.7	16.5	–	–
Business Sector									
Rigs Drilling (level)	207	285	285	336	401	459	338	141	98
% change	61.3	37.9	4.7	16.8	7.6	9.9	-7.5	14.4	4.5
Goods Exports (customs based)	12.6	18.3	15.9	15.7	14.9	17.2	11.3	21.2	–
Energy	17.4	19.2	18.5	16.7	14.5	17.6	13.2	30.7	–
Agriculture	14.3	21.4	22.2	30.5	27.4	18.4	26.1	17.3	–
Total Farm Cash Receipts (quarterly)	3.7	16.3	28.3	10.0	–	–	28.3	–	–
NEW: Manufacturing Shipments	11.4	16.0	12.9	16.1	14.8	16.3	12.7	7.9	–
Wholesale Trade	8.6	15.0	15.1	11.7	15.1	16.2	13.8	–	–
Building Permits	1.3	11.7	16.7	48.6	39.4	-22.6	36.9	48.5	–
Residential	22.4	5.2	22.2	33.6	24.2	50.2	21.8	1.5	–
Non-residential	18.3	20.9	10.5	67.1	51.7	-50.9	64.6	157.8	–
Business Bankruptcies (level)	378	264	64	18	20	25	19	–	–
% change	-6.7	-30.2	-17.9	59.1	33.3	13.6	-26.9	–	–

YTD (year-to-date) represents the change since the beginning of the year compared to the same period in the previous year.

[1] Unless otherwise indicated, all figures are year-over-year percentage change.

[2] Quarterly, annual numbers are presented on a census year basis (July 1 – June 30).

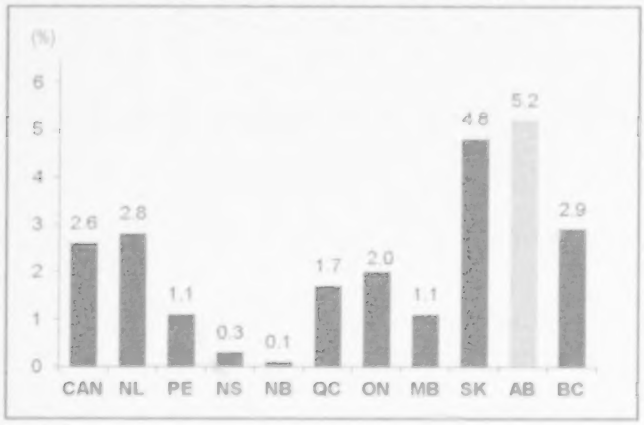
[3] Quarterly, average of Calgary and Edmonton.

[4] Average of Calgary and Edmonton.

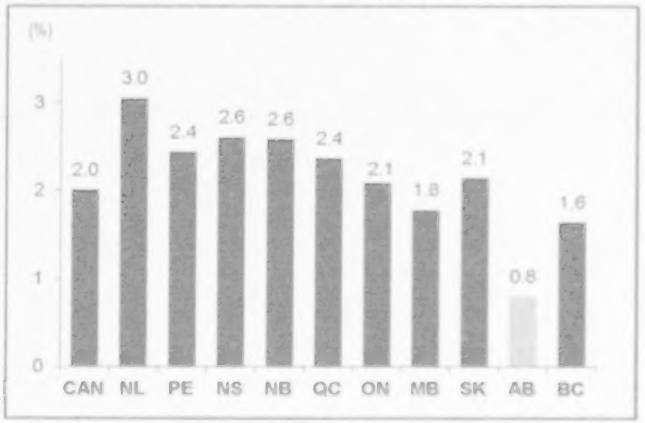
Sources: All data is from Statistics Canada except Housing Starts (Canada Mortgage and Housing Corporation), MLS Average Resale Prices (Canadian Real Estate Association), Rigs Drilling (Canadian Association of Oilwell Drilling Contractors) and Bankruptcies (Office of the Superintendent of Bankruptcy Canada).

Economic Indicators by Province

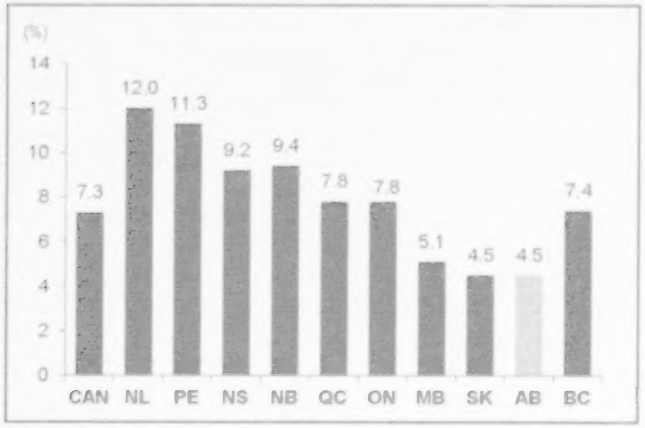
Real GDP Growth by Industry
(2011 preliminary estimates, year-over-year growth)



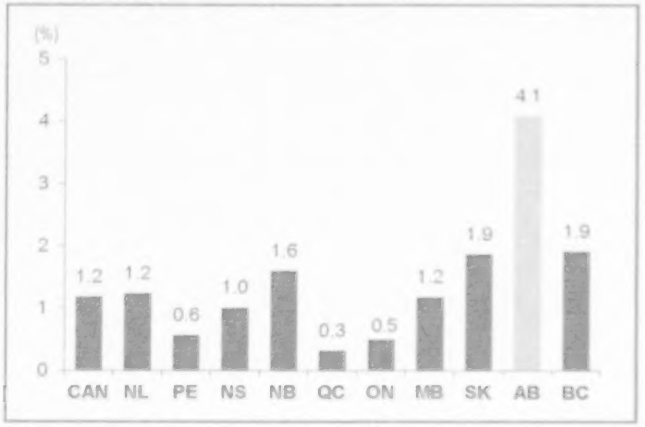
CPI Inflation
(April 2012, year-over-year growth)



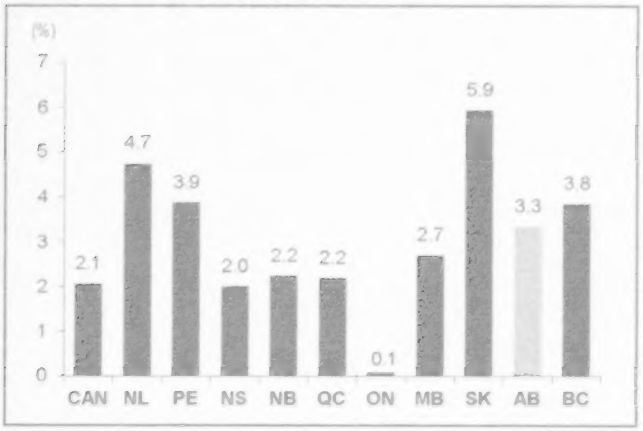
Unemployment Rate
(May 2012)



Employment
(May 2012, year-over-year growth)



Average Weekly Earnings
(March 2012, year-over-year growth)



Housing Starts
(May 2012, SAAR, year-over-year growth)